



**NEWS MEDIA CONTACTS:**

**Jeanne Lopatto, 202-586-4940**

**Corry Schiermeyer, 202-586-5806**

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## **Secretary Abraham Unveils DOE '05 Budget**

### ***Supports President Bush's Call for Enhanced National Security, Energy Security***

**WASHINGTON, D.C.** - Secretary of Energy Spencer Abraham today released the Department of Energy's (DOE) \$24.3 billion budget request for fiscal year 2005, a part of President Bush's overall budget request to Congress.

"Upon taking office, President Bush made a commitment to accelerate environmental cleanup, promote energy security and reduce the nation's dependence on imported energy, maintain the strength and viability of the nuclear weapons stockpile, and double the commitment to prevent the spread of weapons of mass destruction," Secretary Abraham said. "After three years of progress this work is at a critical juncture which requires financial commitment."

Three years ago, the Bush Administration set a course to focus the management and resources of the Department of Energy toward key mission areas. Each budget thereafter has proposed investments in support of these goals. At \$24.3 billion, DOE's FY 2005 budget is the largest thus far and continues to support President Bush's commitment to national security, energy security, science and the environment.

DOE's FY 2005 budget supports Secretary Abraham's mission for the Department of Energy that emphasizes its critical contributions to our National security and provides forward-reaching solutions to America's energy problems. The Secretary's priorities are: maintaining the nation's nuclear stockpile; expanding nuclear non-proliferation activities; accelerating environmental cleanup programs; developing 21<sup>st</sup> century cutting edge advanced fuel cell and alternative energy technologies; maintaining coal as a major, low-cost, domestically produced, energy resource through the President's Coal Research Initiative; continuing leadership to ensure that nuclear power remains a key energy resource; and maintaining a world class scientific research capability while protecting the safety and health of workers, facilities and the public.

As part of the Department's Strategic Planning process, these priorities translate into four overlapping Departmental goals:

Defense -- Protect national security by applying advance science and nuclear technology to the nation's defense;

Energy -- Protect national and economic security by promoting a diverse supply and delivery of reliable, affordable and environmentally sound energy;

Science -- Protect national and economic security by providing world-class scientific research capacity and advancing scientific knowledge; and

Environment -- Protect the environment by providing a responsible resolution to the environmental cleanup of Cold War weapons facilities and by providing for the permanent disposal of the nation's high level radioactive waste.

For these four strategic goals, DOE's FY 2005 request is \$23.5 billion, which does not include corporate management activities. The remainder, \$0.8 billion, is requested for other supporting organizations such as security, environment, safety and health.

## **DEFENSE**

Within the Defense Goal, the FY 2005 budget supports an increase for the National Nuclear Security Administration (NNSA). The request for NNSA is \$ 9.0 billion, a \$383 million or 4.4 percent increase above last year.

NNSA carries out the Department's defense nuclear security responsibility and consists of five program organizations: Defense Programs, Defense Nuclear Nonproliferation, Infrastructure and Security, Emergency Operations and Naval Reactors. The NNSA maintains the safety, security, reliability and effectiveness of the nation's nuclear weapons stockpile; helps prevent the spread of weapons of mass destruction; and provides the U.S. Navy with safe, effective nuclear propulsion plants.

The FY 2005 budget request for weapons activities is \$6.6 billion, an increase of \$335 million from the FY 2004 enacted level. The request supports all programs and facilities associated with maintaining the nuclear weapons that comprise the nation's nuclear deterrent.

The Defense Nuclear Nonproliferation program supports the NNSA and DOE mission to protect national security by preventing the spread of nuclear weapons and nuclear materials to terrorist organizations and rogue states. The importance of this goal was underscored by the September 11<sup>th</sup> terrorist attacks and evidence of terrorists seeking to obtain weapons of mass destruction.

In FY 2005, \$1.35 billion is requested for the nuclear nonproliferation program, a \$15 million increase over FY 2004's enacted level.

The Naval Reactors program develops nuclear reactors to power the Navy's warships. The program is responsible for all naval nuclear propulsion work, beginning with technology development, continuing through reactor operation and, ultimately, to reactor plant disposal. The FY 2005 request is \$798 million, 4 percent above the FY 2004 enacted appropriation.

The Department's safeguards and security funding in the FY 2005 request totals \$1.38 billion, an increase of \$107 million over the FY 2004 enacted level. Safeguarding and securing DOE's

nuclear facilities, materials and information, and protection of DOE employees, remain top Administration priorities. The FY 2005 budget fully addresses escalated security requirements identified in a post-September 11<sup>th</sup> reevaluation of potential threats against DOE sites and materials across the country.

## **ENERGY**

Under the energy goal, the FY 2005 budget requests \$2.5 billion to broaden the Department's energy security portfolio to expand the nation's energy supply. This is essentially level with the FY 2004 funding.

In his first months in office, President Bush released his National Energy Policy. In less than three years, the Administration has completed or is implementing nearly all of the plan's 106 recommendations that did not require legislation. This budget request follows through with the President's promise for a strong, secure economy through an abundant, economical and independent energy supply for the future. Investments that are being made in FY 2005 will expand the nation's energy supply, assess and address the nation's energy infrastructure vulnerabilities, and develop energy assurance policies consistent with the National Energy Policy.

In FY 2005, the Department will be at the forefront of implementing the President's Hydrogen Fuel Initiative, to reduce America's growing dependence on foreign oil. Hydrogen holds the promise of an ultra-clean and secure energy option for America's future. The Department's hydrogen effort in FY 2005 totals \$228 million (including \$173 million from the Energy Efficiency and Renewable Energy, \$9 million from Nuclear Energy, \$16 million from Fossil Energy and \$29 million from DOE's Office of Science). The Department of Transportation is also contributing \$0.8 million in FY 2005. This supports DOE's continued development of technologies for clean hydrogen production and commercially viable hydrogen-powered fuel cells that power cars, trucks, homes and businesses without the harmful effects of pollution or greenhouse gases.

Energy efficiency and renewable energy activities constitute the largest portion of the Department's energy resources budget. However, the nation's long-term energy solution will not come from a single energy source but from a broad portfolio of energy supply options. Fossil energy is an essential component. America has more than 270 billion tons of coal resources, enough to supply affordable and reliable electric power for at least 200 years. This budget invests \$447 million in research and development for advanced coal power technologies to dramatically improve the efficiency and environmental aspects of coal-based power production. Within this is \$287 million for President Bush's Clean Coal Power Initiative (CCPI), a \$108 million, or 60 percent, increase over the FY 2004 level.

Last year, DOE launched the FutureGen initiative to build the world's first integrated carbon-sequestration and hydrogen production research power plant. The \$1 billion project is intended to create the world's first zero-emissions fossil-fueled power plant. When operational, the prototype will be the cleanest fossil-fired plant in the world.

The \$410 million FY 2005 request for the Nuclear Energy program is a \$5 million increase from the FY 2004 enacted level. Among DOE's nuclear research priorities is the Generation IV Nuclear Energy Systems initiative. The FY 2005 request of \$31 million will develop the next generation of advanced energy systems that are more proliferation resistant and have reduced life cycle costs.

This nuclear energy budget request supports revitalization of the Idaho National Engineering and Environmental Laboratory (INEEL) as the command center for nuclear research and development (R&D). On May 19, 2003, oversight of and landlord responsibilities for the INEEL transferred from the Office of Environmental Management (EM) to the Office of Nuclear Energy, Science and Technology (NE). Beginning in the second quarter of FY 2005, the INEEL will be merged with Argonne National Laboratory-West (ANL-W) to create the Idaho National Laboratory (INL). Secretary Abraham has designated INL as the center for DOE's strategic nuclear energy research and development efforts. The INL will play a lead role in Generation IV nuclear energy systems development, advanced fuel cycle development, testing of naval reactor fuels and reactor core components, and space nuclear power applications.

Additionally, the Department's Office of Electric Transmission and Distribution is leading efforts to modernize and expand the nation's electricity delivery system to help prevent power disruptions and blackouts, such as the widespread outage in the United States and Canada last August. The FY 2005 budget provides \$91 million, which is \$10 million or 12.5 percent above the FY 2004 level, to support these activities.

The budget also includes \$291 million, a \$64 million or 28 percent increase over 2004 funding, to fulfill the President's 10-year commitment to the Weatherization Assistance Program as a way to conserve energy and cut utility costs for 1.2 million low-income families.

## **SCIENCE**

Funding of \$3.4 billion is budgeted for fundamental scientific research within the Science Goal, an increase of roughly 2 percent over FY 2004 when excluding Congressional additions in the Omnibus and Energy and Water Appropriations bills.

The Department's Office of Science is the largest federal supporter of basic research in high energy and nuclear physics, materials and chemical sciences, and fusion energy sciences. The FY 2005 budget request contains a number of scientific challenges in the world of nanoscience, fusion, advanced scientific computing, and microbial genomes that hold enormous promise for scientific discoveries over the next decade.

The Department in FY 2005 has budgeted \$209 million, an increase of \$8 million over FY 2004, to continue the revolution of nanoscience research, the study of matter at the atomic and molecular level.

The Department continues its commitment to the future of fusion science research with a request of \$264 million, slightly above the FY 2004 level. Within that amount, DOE's contribution to the International Thermonuclear Experimental Reactor (ITER) project in FY 2005 is \$38 million,

\$30 million more than last year, and is consistent with the Administration's renewed commitment to contribute to this \$5 billion cost-shared project that may ultimately lead to a fusion power plant that delivers electric power to the grid.

Research on microbes through the Genomes to Life program, addressing DOE energy, environmental, and national security needs, continues to expand from \$64 million in FY 2004 to \$68 million in FY 2005. Genetic DNA mapping is bringing enormous benefits to medical science. DOE, through this program, will attempt to use genetic techniques to harness microbes that can eat pollution, create hydrogen and absorb carbon dioxide. The research in this area can translate into gene therapies for illnesses such as cystic fibrosis, sickle cell anemia, diabetes and cancer.

## **ENVIRONMENT**

President Bush's FY 2005 Budget includes \$8.6 billion to support the goal of protecting the environment. This amount includes large increases to accelerate environmental cleanup (increase of \$426 million) and establish a permanent nuclear waste repository (increase of \$303 million).

The 2005 Budget provides more than \$7.4 billion for the Environmental Management program, a \$426 million increase when compared to last year. This is the peak funding year for the Environmental Management program's investment strategy which accelerates cleanup and risk reduction. As a result of a "top-to-bottom" review completed two years ago, the Department took an aggressive approach to environmental cleanup, reducing the real cost of cleanup by at least \$50 billion and the time to complete cleanup by at least 35 years.

The success of this approach was noted in the U.S. Department of Treasury "2002 Financial Report to the United States Congress," which cited DOE for its significant contribution to reducing the liability related to cleanup costs associated environmental damage/contamination. "A significant component of this reduction (\$33.8 billion) relates to the Department of Energy. It reduced its environmental liability by \$28.7 billion, mostly due to employing an accelerated cleanup approach to achieve greater real cleanup and risk reduction to public health."

As of September 2003, the cleanup of 77 sites has been completed. Major site closures (Rocky Flats, Fernald and Mound) remain on track to finish cleanup by 2006, and at least six small sites, not previously scheduled to close in this timeframe, are now on track for completion by 2006. An additional 31 sites will be remediated by 2025, leaving six sites to be addressed after 2025.

The budget request for the Office of Legacy Management in FY 2005 is \$66 million, approximately the same as FY 2004. The office was created to manage the Department's long-term environmental and human commitments and associated activities at sites where the DOE mission is complete. This budget is divided between two appropriations; \$31 million in the energy supply appropriation and \$35 million in other defense appropriations.

New in the FY 2005 budget is the creation of the Office of Future Liabilities. This office will be funded by two appropriations, between the energy supply appropriation at \$3 million and the

other defense appropriation at \$5 million. This office will fund and manage environmental liabilities not assigned to the Office of Environmental Management or other organizations within the Department. The mission of this office is to address the following activities at sites with continuing missions: the decontamination and decommissioning of facilities, cleanup of contamination, disposition of excess nuclear and hazardous materials and management of waste treatment and disposal facilities.

The FY 2005 budget request for nuclear waste disposal is \$907 million, \$303 million above last year. The funding allows DOE to shift the near-term approach in managing radioactive waste by focusing resources to meet the Nuclear Regulatory Commission's (NRC) licensing criteria specifications.

Because substantial resources will be required to complete the application process and construct the repository, DOE is proposing legislation in the FY 2005 budget to address these large long-term funding needs estimated at \$1.3 billion per year from the Nuclear Waste Fund and the Defense Nuclear Waste appropriation from FY 2005 to FY 2010. The proposal would reclassify the fees received from utilities for the Nuclear Waste Fund to allow them to offset the request for repository construction.

The President's budget for FY 2005 includes \$43 million to maintain the accelerated schedule for the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA) activities to assist employees of DOE contractors and their survivors with their applications for state workers compensation benefits. This, together with additional funds provided in FY 2003 and funds to be reprogrammed in FY 2004, will enable the DOE to significantly expedite the process through FY 2004, complete in FY 2005 the processing of all applications currently on file with DOE, up to the point of review by a Physicians Panel, completely eliminate the backlog up to the Physicians Panels in FY 2005, and completely process all of these applications through the Physicians Panels to eliminate the backlog through the Physicians Panels in FY 2006.

However, this aggressive, complete plan requires substantial assistance from Congress. The Administration has identified a number of statutory legislative impediments to efficient operation of the EEOICPA process, and will propose legislation to remove these impediments.

Additionally, DOE is working to meet all the challenges of President Bush's Management Agenda (PMA). The Department has made significant improvement on how it manages, budgets, and plans for all programs, projects and activities. By improving management, performance and accountability, the Department is striving for a level of performance that keeps DOE programs safe, on track and on budget. A system of scorecards is used to evaluate the five PMA initiatives, which include Human Capital, Financial Performance, Competitive Sourcing, E-Government and Budget and Performance Integration. Since the inception of the PMA, Secretary Abraham has initiated management and corporate reforms that have earned the agency high marks from the Office of Management and Budget (OMB). DOE is at the forefront of implementing positive change in the federal government.

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